

1

CERTIFICATE FOR ORDINANCE

**THE STATE OF TEXAS
COUNTIES OF TRAVIS AND WILLIAMSON
CITY OF AUSTIN**

I the undersigned City Clerk of the City of Austin, Texas DO HEREBY CERTIFY as follows

1 The City Council of said City convened in **REGULAR MEETING ON THE 30TH DAY OF AUGUST, 2007** at the designated meeting place, and the roll was called of the duly constituted officers and members of the City Council to-wit

WILL WYNN

MAYOR

BETTY DUNKERLEY

MAYOR PRO-TEM

LEE LEFFINGWELL

MIKE MARTINEZ

JENNIFER KIM

COUNCILMEMBERS

BREWSTER McCracken

SHERYL COLE

and all of said persons were present thus constituting a quorum Whereupon among other business the following was transacted at said Meeting a written

**ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS
AUTHORIZING THE ISSUANCE AND SALE OF \$3,820,000 CITY OF
AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2007,
PRESCRIBING THE FORM OF SAID CERTIFICATES, PROVIDING FOR
THE SECURITY FOR AND PAYMENT OF SAID CERTIFICATES,
ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT, AND
DECLARING AN IMMEDIATE EFFECTIVE DATE**

was duly introduced and submitted to the City Council for passage and adoption After presentation and due consideration of said Ordinance and upon a motion being made by Councilmember Leffingwell and seconded by Councilmember Cole said Ordinance was finally passed and adopted by the City Council to be effective immediately by the following vote

7 voted 'For'

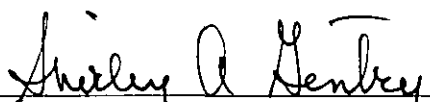
0 voted Against"

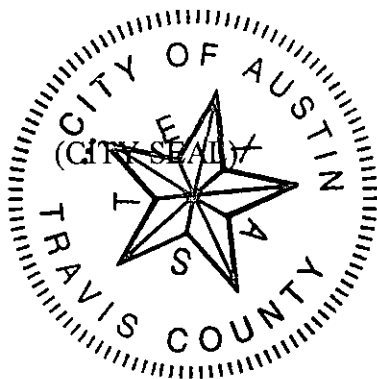
0 absent when voting

as shown in the official minutes of the City Council for the meeting held on said date

2 That a true full and correct copy of the aforesaid Ordinance passed at the Meeting described in the above and foregoing paragraph is attached to and follows this Certificate that said Ordinance has been duly recorded in said City Council's minutes of said Meeting that the above and foregoing paragraph is a true full and correct excerpt from said City Council's minutes of said Meeting pertaining to the passage of said Ordinance that the persons named in the above and foregoing paragraph are the duly chosen qualified and acting officers and members of said City Council as indicated therein that each of the officers and members of said City Council was duly and sufficiently notified officially and personally in advance, of the time place and purpose of the aforesaid Meeting and that said Ordinance would be introduced and considered for passage at said Meeting and each of said officers and members consented in advance to the holding of said Meeting for such purpose and that said Meeting was open to the public and public notice of the time place and purpose of said meeting was given all as required by Chapter 551 Texas Government Code

SIGNED AND SEALED THE 30TH DAY OF AUGUST, 2007


SHIRLEY A GENTRY
City Clerk, City of Austin, Texas



ORDINANCE NO 20070830-083

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF AUSTIN, TEXAS AUTHORIZING THE ISSUANCE AND SALE OF \$3,820,000 CITY OF AUSTIN, TEXAS CERTIFICATES OF OBLIGATION, SERIES 2007, PRESCRIBING THE FORM OF SAID CERTIFICATES, PROVIDING FOR THE SECURITY FOR AND PAYMENT OF SAID CERTIFICATES, ENACTING OTHER PROVISIONS RELATING TO THE SUBJECT, AND DECLARING AN IMMEDIATE EFFECTIVE DATE

WHEREAS on the 26th day of July 2007 the City Council of the City of Austin (the "City" or the "Issuer") authorized and directed that a notice of its intention to issue the Certificates of Obligation herein authorized to be issued be published in a newspaper as required by Section 271.049 of the Texas Local Government Code and

WHEREAS said notice was published in the *Austin American-Statesman* as required by Section 271.049 of the Texas Local Government Code on July 29 2007 and August 5 2007 and

WHEREAS no petition signed by 5% of the qualified electors of the Issuer as permitted by Section 271.049 of the Texas Local Government Code protesting the issuance of such Certificates of Obligation, has been filed and

WHEREAS the Certificates of Obligation hereinafter authorized are to be issued and delivered pursuant to Subchapter C of Chapter 271 of the Texas Local Government Code and

WHEREAS the meeting at which this Ordinance is considered is open to the public as required by law and the public notice of the time place and purpose of said meeting was given as required by Chapter 551 Texas Government Code as amended Now Therefore

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF AUSTIN

Section 1. AUTHORIZATION OF CERTIFICATES OF OBLIGATION That the Issuer's Certificates of Obligation to be designated the "City of Austin Texas Certificates of Obligation Series 2007" (the "Certificates") are hereby authorized to be issued and delivered in the principal amount of \$3,820,000 for the purpose of providing part of the funds for paying contractual obligations to be incurred by the Issuer as further described in Schedule I attached to this Ordinance and the payment of fiscal engineering and legal fees incurred in connection therewith. The term "Certificates" as used in this Ordinance shall mean and include collectively the Certificates of Obligation initially issued and delivered pursuant to this Ordinance and all substitute Certificates of Obligation exchanged therefor as well as all other substitute Certificates of Obligation and replacement Certificates of Obligation issued pursuant hereto and the term "Certificate" shall mean any of the Certificates.

Section 2 DATE DENOMINATIONS, NUMBERS AND MATURITIES That the Certificates shall initially be issued sold and delivered hereunder as fully registered certificates without interest coupons dated September 1 2007 in the respective denominations and principal amounts hereinafter stated, numbered consecutively from R-1 upward, payable to the respective initial registered owners thereof or to the registered assignee or assignees of the Certificates or any portion or portions thereof (in each case the "Registered Owner") and the Certificates shall mature and be payable on September 1 2027 The Certificates shall be issued in denominations of \$5 000 or any integral multiple thereof (an 'Authorized Denomination')

Section 3 REDEMPTION (a) *Optional Redemption* That the City reserves the right to redeem the Certificates maturing on or after September 1 2018 in whole or in part in Authorized Denominations on September 1 2017 or on any date thereafter for the principal amount thereof plus accrued interest thereon, without premium, to the date fixed for redemption The years of maturity of the Certificates called for redemption at the option of the City prior to stated maturity shall be selected by the City The Certificates or portions thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar (hereinafter defined) *provided* that during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the City and the securities depository

(b) *Mandatory Redemption* The Certificates are subject to mandatory sinking fund redemption prior to their scheduled maturity as provided in the FORM OF CERTIFICATE

(c) *Notice* At least 30 days prior to the date fixed for any such redemption the City shall cause a written notice of such redemption to be deposited in the United States mail first-class postage prepaid, addressed to each such registered owner at his address shown on the Registration Books (hereinafter defined) of the Paying Agent/Registrar By the date fixed for any such redemption due provision shall be made with the Paying Agent/Registrar for the payment of the required redemption price for the Certificates or the portions thereof which are to be so redeemed plus accrued interest thereon to the date fixed for redemption If such notice of redemption is given and if due provision for such payment is made all as provided above the Certificates or the portions thereof which are to be so redeemed thereby automatically shall be redeemed prior to their scheduled maturities and shall not bear interest after the date fixed for their redemption and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of the Certificates or any portion thereof If a portion of any Certificate shall be redeemed a substitute Certificate or Certificates having the same maturity date bearing interest at the same rate in any Authorized Denomination, at the written request of the registered owner and in an aggregate principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof for cancellation at the expense of the City, all as provided in this Ordinance In addition to the foregoing, the City shall cause the Paying Agent/Registrar to give notice of any such redemption in the manner set forth in Section 5(h) hereof

The failure to cause such notice to be given, however or any defect therein, shall not affect the validity or effectiveness of such redemption

Section 4 INTEREST That the Certificates scheduled to mature during the years respectively set forth below shall bear interest at the rate of 4.88% per annum. Said interest shall be payable to the registered owner of any such Certificate in the manner provided and on the dates stated in the FORM OF CERTIFICATE. Interest shall be calculated on the basis of a 360 day year consisting of twelve 30-day months.

Section 5 CHARACTERISTICS OF THE CERTIFICATES That the City shall keep or cause to be kept at the designated corporate trust office in Dallas, Texas (the "Designated Payment/Transfer Office") of JPMorgan Chase Bank, N.A. (the "Paying Agent/Registrar") or such other bank, trust company, financial institution, or other agency named in accordance with the provisions of (g) below, books or records of the registration and transfer of the Certificates (the "Registration Books") and the City hereby appoints the Paying Agent/Registrar as its registrar and transfer agent to keep such books or records and make such transfers and registrations under such reasonable regulations as the City and the Paying Agent/Registrar may prescribe, and the Paying Agent/Registrar shall make such transfers and registrations as herein provided. It shall be the duty of the Paying Agent/Registrar to obtain from the registered owner and record in the Registration Books the address of such registered owner of each Certificate to which payments with respect to the Certificates shall be mailed, as herein provided. The City or its designee shall have the right to inspect the Registration Books during regular business hours of the Paying Agent/Registrar, but otherwise the Paying Agent/Registrar shall keep the Registration Books confidential and, unless otherwise required by law, shall not permit their inspection by any other entity. Registration of each Certificate may be transferred in the Registration Books only upon presentation and surrender of such Certificate to the Paying Agent/Registrar for transfer of registration and cancellation, together with proper written instruments of assignment, in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar, evidencing the assignment of such Certificate, or any portion thereof, in any Authorized Denomination, to the assignee or assignees thereof, and the right of such assignee or assignees to have such Certificate or any such portion thereof registered in the name of such assignee or assignees. Upon the assignment and transfer of any Certificate or any portion thereof, a new substitute Certificate or Certificates shall be issued in exchange therefor in the manner herein provided.

(b) The entity in whose name any Certificate shall be registered in the Registration Books at any time shall be treated as the absolute owner thereof for all purposes of this Ordinance, whether or not such Certificate shall be overdue, and the City and the Paying Agent/Registrar shall not be affected by any notice to the contrary, and payment of, or on account of, the principal of, premium, if any, and interest on any such Certificate shall be made only to such registered owner. All such payments shall be valid and effectual to satisfy and discharge the liability upon such Certificate to the extent of the sum or sums so paid.

(c) The City hereby further appoints the Paying Agent/Registrar to act as the paying agent for paying the principal of and interest on the Certificates, and to act as its agent to exchange or replace Certificates, all as provided in this Ordinance. The Paying Agent/Registrar shall keep proper

records of all payments made by the City and the Paying Agent/Registrar with respect to the Certificates and of all exchanges thereof and all replacements thereof as provided in this Ordinance

(d) Each Certificate may be exchanged for fully registered bonds in the manner set forth herein. Each Certificate issued and delivered pursuant to this Ordinance to the extent of the unredeemed principal amount thereof may upon surrender thereof at the Designated Payment/Transfer Office of the Paying Agent/Registrar together with a written request therefor duly executed by the registered owner or the assignee or assignees thereof or its or their duly authorized attorneys or representatives with guarantee of signatures satisfactory to the Paying Agent/Registrar at the option of the registered owner or such assignee or assignees as appropriate be exchanged for fully registered bonds without interest coupons in the form prescribed in the FORM OF CERTIFICATE in an Authorized Denomination (subject to the requirement hereinafter stated that each substitute Certificate shall have a single stated maturity date) as requested in writing by such registered owner or such assignee or assignees in an aggregate principal amount equal to the unredeemed principal amount of any Certificate or Certificates so surrendered and payable to the appropriate registered owner assignee or assignees as the case may be. If a portion of any Certificate shall be redeemed prior to its scheduled maturity as provided herein a substitute Certificate or Certificates having the same maturity date bearing interest at the same rate, in an Authorized Denomination at the request of the registered owner and in an aggregate principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon surrender thereof for cancellation. If any Certificate or portion thereof is assigned and transferred each Certificate issued in exchange therefor shall have the same principal maturity date and bear interest at the same rate as the Certificate for which it is being exchanged. Each substitute Certificate shall bear a letter and/or number to distinguish it from each other Certificate. The Paying Agent/Registrar shall exchange or replace Certificates as provided herein, and each fully registered Certificate or Certificates delivered in exchange for or replacement of any Certificate or portion thereof as permitted or required by any provision of this Ordinance shall constitute one of the Certificates for all purposes of this Ordinance and may again be exchanged or replaced. It is specifically provided however, that any Certificate delivered in exchange for or replacement of another Certificate prior to the first scheduled interest payment date on the Certificates (as stated on the face thereof) shall be dated the same date as such Certificate but each substitute Certificate so delivered on or after such first scheduled interest payment date shall be dated as of the interest payment date preceding the date on which such substitute Certificate is delivered unless such substitute Certificate is delivered on an interest payment date in which case it shall be dated as of such date of delivery *provided however* that if at the time of delivery of any substitute Certificate the interest on the Certificate for which it is being exchanged has not been paid then such substitute Certificate shall be dated as of the date to which such interest has been paid in full. On each substitute Certificate issued in exchange for or replacement of any Certificate or Certificates issued under this Ordinance there shall be printed thereon a Paying Agent/Registrar's Authentication Certificate in the form hereinafter set forth in the FORM OF CERTIFICATE (the "Authentication Certificate"). An authorized representative of the Paying Agent/Registrar shall before the delivery of any such substitute Certificate date such substitute Certificate in the manner set forth above and manually sign and date the Authentication Certificate and no such substitute Certificate shall be deemed to be issued or outstanding unless the Authentication Certificate is so executed. The Paying Agent/Registrar promptly shall cancel all Certificates surrendered for exchange or replacement. No additional ordinances orders or resolutions need be passed or adopted by the City Council or any other body or person so as to

accomplish the foregoing exchange or replacement of any Certificate or portion hereof and the Paying Agent/Registrar shall provide for the printing execution and delivery of the substitute Certificates in the manner prescribed herein Pursuant to Chapter 1206 Texas Government Code the duty of exchange or replacement of any Certificate as aforesaid is hereby imposed upon the Paying Agent/Registrar and upon the execution of the Authentication Certificate the exchanged or replaced Certificate shall be valid incontestable and enforceable in the same manner and with the same effect as the Certificates which originally were delivered pursuant to this Ordinance approved by the Attorney General and registered by the Comptroller of Public Accounts Neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for redemption in whole or in part within 45 calendar days of the date fixed for redemption provided, however such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Certificate

(e) All Certificates issued in exchange or replacement of any other Certificate or portion thereof (i) shall be issued in fully registered form without interest coupons with the principal of and interest on such Certificates to be payable only to the registered owners thereof (ii) may be redeemed prior to their scheduled maturities (iii) may be transferred and assigned (iv) may be exchanged for other Certificates (v) shall have the characteristics (vi) shall be signed and sealed, and (vii) the principal of and interest on the Certificates shall be payable, all as provided and in the manner required or indicated in the FORM OF CERTIFICATE

(f) The City shall pay the Paying Agent/Registrar's reasonable and customary fees and charges for making transfers of Certificates but the registered owner of any Certificate requesting such transfer shall pay any taxes or other governmental charges required to be paid with respect thereto The registered owner of any Certificate requesting any exchange shall pay the Paying Agent/Registrar's reasonable and standard or customary fees and charges for exchanging any such Certificate or portion thereof together with any taxes or governmental charges required to be paid with respect thereto all as a condition precedent to the exercise of such privilege of exchange except however that in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof in any Authorized Denomination and in the case of the exchange of the unredeemed portion of a Certificate which has been redeemed in part prior to maturity as provided in this Ordinance such fees and charges will be paid by the City In addition the City hereby covenants with the registered owners of the Certificates that it will (i) pay the reasonable and standard or customary fees and charges of the Paying Agent/Registrar for its services with respect to the payment of the principal of and interest on the Certificates when due and (ii) pay the fees and charges of the Paying Agent/Registrar for services with respect to the transfer or registration of Certificates solely to the extent above provided and with respect to the exchange of Certificates solely to the extent above provided

(g) The City covenants with the registered owners of the Certificates that at all times while the Certificates are outstanding the City will provide a competent and legally qualified bank trust company or other entity duly qualified and legally authorized to act as and perform the services of Paying Agent/Registrar for the Certificates under this Ordinance, and that the Paying Agent/Registrar will be one entity The City reserves the right to, and may at its option, change the Paying Agent/Registrar upon not less than 60 days written notice to the Paying Agent/Registrar In the event

that the entity at any time acting as Paying Agent/Registrar (or its successor by merger acquisition or other method) should resign or otherwise cease to act as such the City covenants that promptly it will appoint a competent and legally qualified national or state banking institution which shall be an entity organized and doing business under the laws of the United States of America or of any state authorized under such laws to exercise trust powers subject to supervision or examination by federal or state authority and whose qualifications substantially are similar to the previous Paying Agent/Registrar to act as Paying Agent/Registrar under this Ordinance Upon any change in the Paying Agent/Registrar the previous Paying Agent/Registrar promptly shall transfer and deliver the Registration Books (or a copy thereof) along with all other pertinent books and records relating to the Certificates to the new Paying Agent/Registrar designated and appointed by the City Upon any change in the Paying Agent/Registrar the City promptly will cause a written notice thereof to be sent by the new Paying Agent/Registrar to each registered owner of the Certificates, by United States mail, first class postage prepaid, which notice also shall give the address of the new Paying Agent/Registrar By accepting the position and performing as such each Paying Agent/Registrar shall be deemed to have agreed to the provisions of this Ordinance and a certified copy of this Ordinance shall be delivered to each Paying Agent/Registrar

(h) (i) In addition to the manner of providing notice of redemption of Certificates as set forth in this Ordinance, the Paying Agent/Registrar shall give notice of redemption of Certificates by United States mail first-class postage prepaid at least 30 days prior to a redemption date to each NRMSIR (as defined in Section 18 hereof) and the SID (as defined in Section 18 hereof) In addition in the event of a redemption caused by an advance refunding of the Certificates the Paying Agent/Registrar shall send a second notice of redemption to the persons specified in the immediately preceding sentence at least 30 days but not more than 90 days prior to the actual redemption date Any notice sent to the NRMSIRs or the SID shall be sent so that they are received at least two days prior to the general mailing or publication date of such notice The Paying Agent/Registrar shall also send a notice of prepayment or redemption to the owner of any Certificate who has not sent the Certificates in for redemption 60 days after the redemption date

(ii) Each redemption notice whether required in the FORM OF CERTIFICATE or otherwise by this Ordinance shall contain a description of the Certificates to be redeemed including the complete name of the Certificates the series, the date of issue the interest rate the maturity date the CUSIP number if any the amounts called of each certificate the publication and mailing date for the notice (in the manner as provided in the FORM OF CERTIFICATE) the date of redemption the redemption price the name of the Paying Agent/Registrar and the address at which the Certificate may be redeemed including a contact person and telephone number

(iii) All redemption payments made by the Paying Agent/Registrar to the registered owners of the Certificates shall include CUSIP numbers relating to each amount paid to such registered owner

Section 6 FORM OF CERTIFICATES That the Certificates shall be signed with the manual or facsimile signatures of the Mayor and the City Clerk, and that the seal of the City shall be affixed or impressed upon the Certificates The form of the Certificates including the form of Paying Agent/Registrar's Authentication Certificate the form of Assignment and the form of Registration

Certificate of the Comptroller of Public Accounts of the State of Texas to be attached to the Certificates initially issued and delivered pursuant to this Ordinance shall be in substantially the form as set forth in Exhibit A to this Ordinance, with such appropriate variations, omissions or insertions as are permitted or required by this Ordinance. The printer of the Certificates is hereby authorized to print on the Certificates (i) the form of bond counsel's opinion relating to the Certificates and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance if any, covering all or any part of the Certificates.

Section 7 DEFINITIONS That the terms "Certificates" and "Certificates of Obligation" shall mean the City of Austin Texas Certificates of Obligation Series 2007 authorized to be issued and delivered by this Ordinance and the term "Surplus Revenues" shall mean those revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses thereof and other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates.

Section 8 INTEREST AND SINKING FUND That a special fund or account to be designated the "City of Austin Texas Series 2007 Certificate of Obligation Interest and Sinking Fund" (the "Interest and Sinking Fund") is hereby created and shall be established and maintained by the Issuer. The Interest and Sinking Fund shall be kept separate and apart from all other funds and accounts of the Issuer and shall be used only for paying the interest on and principal of the Certificates. All ad valorem taxes levied and collected for and on account of the Certificates shall be deposited as collected to the credit of the Interest and Sinking Fund. During each year while any of the Certificates are outstanding and unpaid the governing body of the Issuer shall compute and ascertain the rate and amount of ad valorem tax based on the latest approved tax rolls of the Issuer with full allowances being made for tax delinquencies and the cost of tax collections which will be sufficient to raise and produce the money required to pay the interest on the Certificates as such interest comes due and to provide a sinking fund to pay the principal (including mandatory sinking fund redemption payments if any) of the Certificates as such principal matures, but never less than 2% of the original amount of the Certificates as a sinking fund each year. Said rate and amount of ad valorem tax is hereby ordered to be levied against all taxable property in the Issuer for each year while any of the Certificates are outstanding and unpaid and said ad valorem tax shall be assessed and collected each such year and deposited to the credit of the Interest and Sinking Fund. Said ad valorem taxes necessary to pay the interest on and principal of the Certificates as such interest comes due and such principal matures or comes due through operation of the mandatory sinking fund redemption, if any as provided in the FORM OF CERTIFICATE are hereby pledged for such payment within the limit prescribed by law. The Issuer hereby appropriates from current funds on hand and directs the transfer to the Interest and Sinking Fund for the Certificates of, an amount of money sufficient when added to the accrued interest received from the sale of the Certificates to pay the principal and interest scheduled to come due on the Certificates on March 1 2007.

Section 9 REVENUES That the Certificates of Obligation are additionally secured by and shall be payable from the Surplus Revenues. The Surplus Revenues are pledged by the City pursuant to authority of Chapter 363 Texas Health and Safety Code specifically Section 363.135 thereof. The City shall promptly deposit the Surplus Revenues upon their receipt to the credit of the Interest

and Sinking Fund created pursuant to Section 8 to pay the principal and interest on the Certificates of Obligation. The amount of Surplus Revenues pledged to the payment of the Certificates of Obligation shall not exceed \$1 000.

Chapter 1208 Texas Government Code applies to the issuance of the Certificates and the pledge of ad valorem taxes and the Surplus Revenues granted by the City under Sections 8 and 9, and such pledge is therefore valid, effective and perfected. If Texas law is amended at any time while the Certificates are outstanding and unpaid such that the pledge of the ad valorem taxes and Surplus Revenues granted by the City is to be subject to the filing requirements of Chapter 9 Texas Business & Commerce Code then in order to preserve to the registered owners of the Certificates the perfection of the security interest in said pledge the City agrees to take such measures as it determines are reasonable and necessary under Texas law to comply with the applicable provisions of Chapter 9 Texas Business & Commerce Code and enable a filing to perfect the security interest in said pledge to occur.

Section 10 TRANSFER That the Issuer shall do any and all things necessary to accomplish the transfer of monies to the Interest and Sinking Fund of this issue in ample time to pay such items of principal and interest due on the Certificates.

Section 11 SECURITY FOR FUNDS That the Interest and Sinking Fund created by this Ordinance shall be secured in the manner and to the fullest extent permitted or required by law for the security of public funds and the Interest and Sinking Fund shall be used only for the purposes and in the manner permitted or required by this Ordinance.

Section 12 DAMAGED MUTILATED LOST STOLEN OR DESTROYED CERTIFICATES (a) *Replacement Certificates* That in the event any outstanding Certificate is damaged mutilated lost, stolen or destroyed the Paying Agent/Registrar shall cause to be printed executed and delivered a new certificate of the same principal amount maturity and interest rate as the damaged mutilated, lost stolen or destroyed Certificate in replacement for such Certificate in the manner hereinafter provided.

(b) *Application for Replacement Certificates* That application for replacement of damaged mutilated, lost, stolen or destroyed Certificates shall be made by the registered owner thereof to the Paying Agent/Registrar. In every case of loss theft or destruction of a Certificate the registered owner applying for a replacement certificate shall furnish to the Issuer and to the Paying Agent/Registrar such security or indemnity as may be required by them to save each of them harmless from any loss or damage with respect thereto. Also in every case of loss theft or destruction of a Certificate the registered owner shall furnish to the Issuer and to the Paying Agent/Registrar evidence to their satisfaction of the loss theft or destruction of such Certificate as the case may be. In every case of damage or mutilation of a Certificate the registered owner shall surrender to the Paying Agent/Registrar for cancellation the Certificate so damaged or mutilated.

(c) *No Default Occurred* That notwithstanding the foregoing provisions of this Section in the event any such Certificate shall have matured and no default has occurred which is then

continuing in the payment of the principal of premium if any or interest on the Certificate the Issuer may authorize the payment of the same (without surrender thereof except in the case of a damaged or mutilated Certificate) instead of issuing a replacement certificate, provided security or indemnity is furnished as above provided in this Section

(d) *Charge for Issuing Replacement Certificates* That prior to the issuance of any replacement certificate the Paying Agent/Registrar shall charge the registered owner of such Certificate with all legal printing and other expenses in connection therewith Every replacement certificate issued pursuant to the provisions of this Section by virtue of the fact that any Certificate is damaged mutilated lost stolen or destroyed shall constitute a contractual obligation of the Issuer whether or not the damaged, mutilated lost, stolen or destroyed Certificate shall be found at any time or be enforceable by anyone and shall be entitled to all the benefits of this Ordinance equally and proportionately with any and all other Certificates duly issued under this Ordinance

(e) *Authority for Issuing Replacement Certificates* That in accordance with Chapter 1206 Texas Government Code this Section of this Ordinance shall constitute authority for the issuance of any such replacement certificate without necessity of further action by the Issuer or any other body or person and the duty of the replacement of such certificates is hereby authorized and imposed upon the Paying Agent/Registrar and the Paying Agent/Registrar shall authenticate and deliver such Certificates in the form and manner and with the effect as provided in Section 5(a) of this Ordinance for Certificates issued in conversion and exchange of other Certificates

Section 13 FEDERAL INCOME TAX MATTERS That the Issuer covenants to refrain from any action which would adversely affect or to take such action as to ensure the treatment of the Certificates as obligations described in Section 103 of the Code the interest on which is not includable in the "gross income" of the holder for purposes of federal income taxation In furtherance thereof the Issuer covenants as follows

(a) to take any action to assure that no more than 10 percent of the proceeds of the Certificates (less amounts deposited to a reserve fund if any) are used for any "private business use" as defined in section 141(b)(6) of the Code or, if more than 10 percent of the proceeds are so used that amounts whether or not received by the Issuer with respect to such private business use do not under the terms of this Ordinance or any underlying arrangement, directly or indirectly, secure or provide for the payment of more than 10 percent of the debt service on the Certificates in contravention of Section 141(b)(2) of the Code

(b) to take any action to assure that in the event that the "private business use" described in subsection (a) hereof exceeds 5 percent of the proceeds of the Certificates (less amount deposited into a reserve fund if any) then the amount in excess of 5 percent is used for a "private business use" which is "related" and not "disproportionate" within the meaning of Section 141(b)(3) of the Code to the governmental use

(c) to take any action to assure that no amount which is greater than the lesser of \$5 000 000, or five percent of the proceeds of the Certificates (less amounts deposited into a reserve fund if any) is directly or indirectly used to finance loans to persons other than state or local governmental units in contravention of Section 141(c) of the Code

(d) to refrain from taking any action which would otherwise result in the Certificates being treated as "private activity bonds" within the meaning of Section 141(b) of the Code

(e) to refrain from taking any action that would result in the Certificates being "federally guaranteed" within the meaning of Section 149(b) of the Code

(f) to refrain from using any portion of the proceeds of the Certificates directly or indirectly to acquire or to replace funds which were used directly or indirectly to acquire investment property (as defined in Section 148(b)(2) of the Code) which produces a materially higher yield over the term of the Certificates other than investment property acquired with –

(1) proceeds of the Certificates invested for a reasonable temporary period of three years or less until such proceeds are needed for the purpose for which the Certificates are issued

(2) amounts invested in a bona fide debt service fund within the meaning of Section 148-1(b) of the Treasury Regulations and

(3) amounts deposited in any reasonably required reserve or replacement fund to the extent such amounts do not exceed 10 percent of the proceeds of the Certificates

(g) to otherwise restrict the use of the proceeds of the Certificates or amounts treated as proceeds of the Certificates, as may be necessary so that the Certificates do not otherwise contravene the requirements of Section 148 of the Code (relating to arbitrage) and to the extent applicable Section 149(d) of the Code (relating to advance refundings) and

(h) to pay to the United States of America at least once during each five-year period (beginning on the date of delivery of the Certificates) an amount that is at least equal to 90 percent of the "Excess Earnings" within the meaning of Section 148(f) of the Code and to pay to the United States of America not later than 60 days after the Certificates have been paid in full 100 percent of the amount then required to be paid as a result of Excess Earnings under Section 148(f) of the Code

For purposes of the foregoing (a) and (b) the Issuer understands that the term "proceeds" includes "disposition proceeds" as defined in the Treasury Regulations and in the case of refunding bonds transferred proceeds (if any) and proceeds of the refunded bonds expended prior to the date of issuance of the Certificates. It is the understanding of the Issuer that the covenants contained herein are intended to assure compliance with the Code and any regulations or rulings promulgated by the U S Department of the Treasury pursuant thereto. In the event that regulations or ruling are hereafter promulgated which modify or expand provisions of the Code as applicable to the Certificates the Issuer will not be required to comply with any covenant contained herein to the extent that such failure to comply, in the opinion of nationally-recognized bond counsel will not adversely affect the exemption from federal income taxation of interest on the Certificates under Section 103 of the Code. In the event that regulations or rulings are hereafter promulgated which impose additional requirements which are applicable to the Certificates, the Issuer agrees to comply

with the additional requirements to the extent necessary in the opinion of nationally-recognized bond counsel to preserve the exemption from federal income taxation of interest on the Certificates under Section 103 of the Code. In furtherance of such intention the Issuer hereby authorizes and directs the Mayor, the City Manager, any Assistant City Manager, the Chief Financial Officer of the City and the Deputy Chief Financial Officer of the City to execute any documents, certificates or reports required by the Code and to make such elections on behalf of the Issuer which may be permitted by the Code as are consistent with the purpose for the issuance of the Certificates.

In order to facilitate compliance with clause (h) above, a "Rebate Fund" is hereby established and held by the Issuer for the sole benefit of the United States of America, and such Fund shall not be subject to the claim of any other person, including without limitation the holders of the Certificates. The Rebate Fund is established for the additional purpose of compliance with Section 148 of the Code.

Section 14 ALLOCATION OF AND LIMITATION ON EXPENDITURES FOR THE PROJECT That the Issuer covenants to account for the expenditure of proceeds from the sale of the Certificates and any investment earnings thereon to be used for the purposes described in Schedule I attached to this Ordinance (each such purpose shall be referred to herein and Section 15 hereof as a "Project") on its books and records in accordance with the requirements of the Code. The Issuer recognizes that in order for the proceeds to be considered used for the reimbursement of costs, the proceeds must be allocated to expenditures within 18 months of the later of the date that (a) the expenditure on a Project is made or (b) such Project is completed, but in no event later than three years after the date on which the original expenditure is paid. The foregoing notwithstanding, the Issuer recognizes that in order for the proceeds to be expended under the Code, the sale proceeds or investment earnings must be expended no more than 60 days after the later of (a) the fifth anniversary of the date of delivery of the Certificates or (b) the date the Certificates are retired. The Issuer agrees to obtain the advice of nationally-recognized bond counsel if such expenditure fails to comply with the foregoing to assure that such expenditure will not adversely affect the tax-exempt status of the Certificates. For purposes hereof, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion from nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 15 DISPOSITION OF PROJECT That the Issuer covenants that the property constituting a Project will not be sold or otherwise disposed in a transaction resulting in the receipt by the Issuer of cash or other compensation, unless the Issuer obtains an opinion of nationally-recognized bond counsel substantially to the effect that such sale or other disposition will not adversely affect the tax-exempt status of the Certificates. For purposes of this Section, the portion of the property comprising personal property and disposed of in the ordinary course of business shall not be treated as a transaction resulting in the receipt of cash or other compensation. For purposes of this Section, the Issuer shall not be obligated to comply with this covenant if it obtains an opinion of a nationally-recognized bond counsel to the effect that such failure to comply will not adversely affect the excludability for federal income tax purposes from gross income of the interest.

Section 16 CUSTODY APPROVAL AND REGISTRATION OF CERTIFICATES That the Mayor or the designee thereof is hereby authorized to have control of the Certificates and all necessary records and proceedings pertaining to the Certificates pending their delivery and their investigation examination and approval by the Attorney General of the State of Texas and their registration by the Comptroller of Public Accounts of the State of Texas Upon registration of the Certificates said Comptroller of Public Accounts (or a deputy designated in writing to act for said Comptroller) shall manually sign the Comptroller's Registration Certificate accompanying the Certificates and the seal of said Comptroller shall be impressed or placed in facsimile on each such certificate After registration by said Comptroller delivery of the Certificates shall be made to the Purchaser as defined in Section 19 below under and subject to the general supervision and direction of the Mayor, against receipt by the City of all amounts due to the City under the terms of sale

Section 17 DTC REGISTRATION That should the terms of the Purchase Agreement so provide the Certificates initially shall be issued and delivered in such manner that no physical distribution of the Certificates will be made to the public and The Depository Trust Company ("DTC") New York New York initially will act as depository for the Certificates DTC has represented that it is a limited purpose trust company incorporated under the laws of the State of New York a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934 as amended and the Issuer accepts but in no way verifies such representations The Certificates initially authorized by this Ordinance may be registered in the name of CEDE & CO the nominee of DTC if the terms of the Purchase Agreement so provide So long as each Certificate is registered in the name of CEDE & CO the Paying Agent/Registrar shall treat and deal with DTC the same in all respects as if it were the actual and beneficial owner thereof The Issuer and the Paying Agent/Registrar are not responsible or liable for any functions of DTC will not be responsible for paying any fees or charges with respect to its services will not be responsible or liable for maintaining supervising or reviewing the records of DTC or its participants or protecting any interests or rights of the beneficial owners of the Certificates It shall be the duty of DTC or its participants to make all arrangements with DTC to establish any such book-entry system, the beneficial ownership of the Certificates and the method of paying the fees and charges of DTC The Issuer does not represent nor does it in any way covenant that any such book-entry system established with DTC will be maintained in the future Notwithstanding any establishment of a book-entry system with DTC if for any reason any of the originally delivered Certificates is duly filed with the Paying Agent/Registrar with proper request for transfer and substitution as provided for in this Ordinance substitute Certificates will be duly delivered as provided in this Ordinance and there will be no assurance or representation that any book-entry system will be maintained for such Certificates Should there be established a book-entry system with DTC the Issuer heretofore has executed a "Blanket Letter of Representations" prepared by DTC in order to implement the book-entry system described above

Section 18 CONTINUING DISCLOSURE OBLIGATION (a) *Definitions* That as used in this Ordinance the following terms have the meanings ascribed to such terms below

"MAC" means the Municipal Advisory Council of Texas

"MSRB" means the Municipal Securities Rulemaking Board

"NRMSIR" means each person whom the SEC or its staff has determined to be a nationally recognized municipal securities information repository within the meaning of the Rule from time to time

"Rule" means SEC Rule 15c2-12 as amended from time to time

"SEC" means the United States Securities and Exchange Commission

"SID" means any person designated by the State of Texas or an authorized department officer or agency thereof as and determined by the SEC or its staff to be a state information depository within the meaning of the Rule from time to time

(b) *Annual Reports* (i) The Issuer shall provide annually to each NRMSIR and any SID within six months after the end of each fiscal year ending in or after 2007, financial information and operating data with respect to the Issuer of the general type described in Exhibit B hereto. Any financial statements so to be provided shall be (1) prepared in accordance with the accounting principles described in Exhibit B hereto or such other accounting principles as the Issuer may be required to employ from time to time pursuant to state law or regulation, and (2) audited if the Issuer commissions an audit of such statements and the audit is completed within the period during which they must be provided. If the audit of such financial statements is not complete within such period then the Issuer shall provide unaudited financial statements by the required time and shall provide audited financial statements for the applicable fiscal year to each NRMSIR and any SID when and if the audit report on such statements becomes available

(ii) If the Issuer changes its fiscal year it will notify each NRMSIR and any SID of the change (and of the date of the new fiscal year end) prior to the next date by which the Issuer otherwise would be required to provide financial information and operating data pursuant to this Section. The financial information and operating data to be provided pursuant to this Section may be set forth in full in one or more documents or may be included by specific reference to any document (including an official statement or other offering document if it is available from the MSRB) that theretofore has been provided to each NRMSIR and any SID or filed with the SEC

(c) *Material Event Notices* The Issuer shall notify any SID and either each NRMSIR or the MSRB in a timely manner, of any of the following events with respect to the Certificates of Obligation if such event is material within the meaning of the federal securities laws

- 1 Principal and interest payment delinquencies
- 2 Non-payment related defaults
- 3 Unscheduled draws on debt service reserves reflecting financial difficulties
- 4 Unscheduled draws on credit enhancements reflecting financial difficulties
- 5 Substitution of credit or liquidity providers or their failure to perform
- 6 Adverse tax opinions or events affecting the tax-exempt status of the Certificates
- 7 Modifications to rights of holders of the Certificates

- 8 Certificate calls
- 9 Defeasances,
- 10 Release substitution or sale of property securing repayment of the
Certificates and
- 11 Rating changes

The Issuer shall notify any SID and either each NRMSIR or the MSRB in a timely manner of any failure by the Issuer to provide financial information or operating data in accordance with subsection (b) of this Section by the time required by such subsection. Any filing under this Section may be made solely by transmitting such filing to the MAC as provided at <http://www.disclosureusa.org> unless the SEC has withdrawn the interpretive advice stated in its letter to the MAC dated September 7, 2004.

(d) *Limitations, Disclaimers, and Amendments.* (i) The Issuer shall be obligated to observe and perform the covenants specified in this Section for so long as, but only for so long as, the Issuer remains an "obligated person" with respect to the Certificates within the meaning of the Rule, except that the Issuer in any event will give written notice of any deposit made in accordance with this Ordinance or applicable law that causes Certificates no longer to be outstanding.

(ii) The provisions of this Section are for the sole benefit of the registered owners and beneficial owners of the Certificates, and nothing in this Section, express or implied, shall give any benefit or any legal or equitable right, remedy, or claim hereunder to any other person. The Issuer undertakes to provide only the financial information, operating data, financial statements, and notices which it has expressly agreed to provide pursuant to this Section and does not hereby undertake to provide any other information that may be relevant or material to a complete presentation of the Issuer's financial results, condition, or prospects or hereby undertake to update any information provided in accordance with this Section or otherwise, except as expressly provided herein. The Issuer does not make any representation or warranty concerning such information or its usefulness to a decision to invest in or sell Certificates at any future date.

(iii) UNDER NO CIRCUMSTANCES SHALL THE ISSUER BE LIABLE TO THE REGISTERED OWNER OR BENEFICIAL OWNER OF ANY CERTIFICATE OR ANY OTHER PERSON IN CONTRACT OR TORT FOR DAMAGES RESULTING IN WHOLE OR IN PART FROM ANY BREACH BY THE ISSUER, WHETHER NEGLIGENT OR WITHOUT FAULT ON ITS PART, OF ANY COVENANT SPECIFIED IN THIS SECTION, BUT EVERY RIGHT AND REMEDY OF ANY SUCH PERSON IN CONTRACT OR TORT FOR OR ON ACCOUNT OF ANY SUCH BREACH SHALL BE LIMITED TO AN ACTION FOR MANDAMUS OR SPECIFIC PERFORMANCE.

(iv) No default by the Issuer in observing or performing its obligations under this Section shall comprise a breach of or default under the Ordinance for purposes of any other provision of this Ordinance. Nothing in this Section is intended or shall act to disclaim, waive, or otherwise limit the duties of the Issuer under federal and state securities laws.

(v) The provisions of this Section may be amended by the Issuer from time to time to adapt to changed circumstances that arise from a change in legal requirements a change in law or a change in the identity nature status or type of operations of the Issuer but only if (1) the provisions of this Section as so amended, would have permitted an underwriter to purchase or sell Certificates in the primary offering of the Certificates in compliance with the Rule taking into account any amendments or interpretations of the Rule since such offering as well as such changed circumstances and (2) either (a) the registered owners of a majority in aggregate principal amount (or any greater amount required by any other provision of this Ordinance that authorizes such an amendment) of the outstanding Certificates consent to such amendment or (b) a person that is unaffiliated with the Issuer (such as nationally recognized bond counsel) determined that such amendment will not materially impair the interest of the registered owners and beneficial owners of the Certificates If the Issuer so amends the provisions of this Section it shall include with any amended financial information or operating data next provided in accordance with subsection (b) of this Section an explanation in narrative form of the reason for the amendment and of the impact of any change in the type of financial information or operating data so provided The Issuer may also amend or repeal the provisions of this continuing disclosure agreement if the SEC amends or repeals the applicable provision of the Rule or a court of final jurisdiction enters judgment that such provisions of the Rule are invalid but only if and to the extent that the provisions of this sentence would not prevent an underwriter from lawfully purchasing or selling Certificates in the primary offering of the Certificates

Section 19 SALE (a) That the sale of the Certificates to JPMorgan Chase Bank N A (the "Purchaser") at the purchase price set forth in the hereinafter defined Purchase Agreement is hereby authorized, ratified and confirmed It is hereby officially found, determined and declared that the Certificates were sold at terms that were the most advantageous reasonably obtained

(b) The Certificates are to be sold to the Purchaser pursuant to the terms of a Purchase Agreement between the City and the Purchaser (the "Purchase Agreement") in substantially the form attached to this Ordinance as Exhibit C The City Manager is authorized to execute the Purchase Agreement on behalf of the City

Section 20 INTEREST EARNINGS That the interest earnings derived from the investment of proceeds from the sale of the Certificates may be used along with other proceeds for the purposes set forth in Schedule I attached to this Ordinance for which the Certificates are issued provided that after completion of such projects if any of such interest earnings remain on hand such interest earnings shall be deposited in the Interest and Sinking Fund It is further provided however that any interest earnings on proceeds which are required to be rebated to the United States of America pursuant to this Ordinance hereof in order to prevent the Certificates from being arbitrage bonds shall be so rebated and not considered as interest earnings for the purposes of this Section

Section 21 DEFEASANCE (a) *Defeased Certificates* That any Certificate and the interest thereon shall be deemed to be paid retired and no longer outstanding (a "Defeased Certificate") within the meaning of this Ordinance except to the extent provided in subsection (d) of this Section, when payment of the principal of such Certificate, plus interest thereon to the due date (whether such due date be by reason of maturity or otherwise) either (1) shall have been made or

caused to be made in accordance with the terms thereof or (ii) shall have been provided for on or before such due date by irrevocably depositing with or making available to the Paying Agent/Registrar in accordance with an escrow agreement or other instrument (the "Future Escrow Agreement") for such payment (1) lawful money of the United States of America sufficient to make such payment or (2) Defeasance Securities that mature as to principal and interest in such amounts and at such times as will insure the availability without reinvestment of sufficient money to provide for such payment and when proper arrangements have been made by the Issuer with the Paying Agent/Registrar for the payment of its services until all Defeased Certificates shall have become due and payable There shall be delivered to the Paying Agent/Registrar a certificate from a firm of certified public accountants certifying as to the sufficiency of the deposit made pursuant to clause (ii) above The Paying Agent/Registrar shall also receive an opinion of bond counsel acceptable to the Issuer that reflects such payment does not adversely affect the exclusion under the Code of interest on the Defeased Certificates from the gross income of the holders thereof for federal income taxation purposes At such time as a Certificate shall be deemed to be a Defeased Certificate hereunder as aforesaid such Certificate and the interest thereon shall no longer be secured by payable from or entitled to the benefits of the ad valorem taxes or revenues herein levied and pledged as provided in this Ordinance and such principal and interest shall be payable solely from such money or Defeasance Securities Notwithstanding any other provision of this Ordinance to the contrary it is hereby provided that any determination not to redeem Defeased Certificates that is made in conjunction with the payment arrangements specified in subsection 21(a)(i) or (ii) shall not be irrevocable, provided that (1) in the proceedings providing for such payment arrangements the Issuer expressly reserves the right to call the Defeased Certificates for redemption (2) gives notice of the reservation of that right to the owners of the Defeased Certificates immediately following the making of the payment arrangements and (3) directs that notice of the reservation be included in any redemption notices that it authorizes

(b) *Investment in Defeasance Securities* Any moneys so deposited with the Paying Agent/Registrar may at the written direction of the Issuer be invested in Defeasance Securities maturing in the amounts and times as hereinbefore set forth and all income from such Defeasance Securities received by the Paying Agent/Registrar that is not required for the payment of the Certificates and interest thereon with respect to which such money has been so deposited shall be turned over to the Issuer or deposited as directed in writing by the Issuer Any Future Escrow Agreement pursuant to which the money and/or Defeasance Securities are held for the payment of Defeased Certificates may contain provisions permitting the investment or reinvestment of such moneys in Defeasance Securities or the substitution of other Defeasance Securities upon the satisfaction of the requirements specified in subsection 21(a)(i) or (ii) All income from such Defeasance Securities received by the Paying Agent/Registrar which is not required for the payment of the Defeased Certificates with respect to which such money has been so deposited, shall be remitted to the Issuer or deposited as directed in writing by the Issuer The Paying Agent/Registrar shall not be liable for any loss pertaining to an investment executed in accordance with written instructions from the Issuer

(c) *Defeasance Securities Defined* The term "Defeasance Securities" means (i) direct noncallable obligations of the United States of America including obligations that are unconditionally

guaranteed by the United States of America, (ii) noncallable obligations of an agency or instrumentality of the United States of America including obligations that are unconditionally guaranteed or insured by the agency or instrumentality and that on the date of the purchase thereof are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent and (iii) noncallable obligations of a state or an agency or a county municipality or other political subdivision of a state that have been refunded and that on the date on the date the governing body of the Issuer adopts or approves the proceedings authorizing the financial arrangements are rated as to investment quality by a nationally recognized investment rating firm not less than AAA or its equivalent

(d) *Paying Agent/Registrar Services* Until all Defeased Certificates shall have become due and payable the Paying Agent/Registrar shall perform the services of Paying Agent/Registrar for such Defeased Certificates the same as if they had not been defeased and the Issuer shall make proper arrangements to provide and pay for such services as required by this Ordinance

Section 22 DEFAULT AND REMEDIES

(a) Events of Default Each of the following occurrences or events for the purpose of this Ordinance is hereby declared to be an Event of Default

(i) the failure to make payment of the principal of or interest on any of the Certificates when the same becomes due and payable or

(ii) default in the performance or observance of any other covenant agreement or obligation of the Issuer the failure to perform which materially adversely affects the rights of the Registered Owners of the Certificates including but not limited to their prospect or ability to be repaid in accordance with this Ordinance and the continuation thereof for a period of 60 days after notice of such default is given by any Registered Owner to the Issuer

(b) Remedies for Default

(i) Upon the happening of any Event of Default then and in every case any Registered Owner or an authorized representative thereof, including but not limited to, a trustee or trustees therefor may proceed against the Issuer or any official officer or employee of the Issuer in their official capacity, for the purpose of protecting and enforcing the rights of the Registered Owners under this Ordinance by mandamus or other suit action or special proceeding in equity or at law in any court of competent jurisdiction for any relief permitted by law including the specific performance of any covenant or agreement contained herein or thereby to enjoin any act or thing that may be unlawful or in violation of any right of the Registered Owners hereunder or any combination of such remedies

(ii) It is provided that all such proceedings shall be instituted and maintained for the equal benefit of all Registered Owners of Certificates then outstanding

(c) Remedies Not Exclusive

(i) No remedy herein conferred or reserved is intended to be exclusive of any other available remedy or remedies, but each and every such remedy shall be cumulative and shall be in addition to every other remedy given hereunder or under the Certificates or now or hereafter existing at law or in equity provided however that notwithstanding any other provision of this Ordinance the right to accelerate the debt evidenced by the Certificates shall not be available as a remedy under this Ordinance

(ii) The exercise of any remedy herein conferred or reserved shall not be deemed a waiver of any other available remedy

(iii) By accepting the delivery of a Certificate authorized under this Ordinance such Registered Owner agrees that the certifications required to effectuate any covenants or representations contained in this Ordinance do not and shall never constitute or give rise to a personal or pecuniary liability or charge against the officers employees or trustees of the Issuer or the City Council

(iv) None of the members of the City Council nor any other official or officer, agent or employee of the Issuer shall be charged personally by the Registered Owners with any liability or be held personally liable to the Registered Owners under any term or provision of this Ordinance or because of any Event of Default or alleged Event of Default under this Ordinance

Section 23 OFFICIALS AUTHORIZED TO ACT ON BEHALF OF THE CITY That the Mayor the City Clerk the City Manager any Assistant City Manager the Chief Financial Officer of the City or any Deputy Chief Financial Officer of the City and all other officers employees and agents of the City and each of them shall be and they are hereby expressly authorized empowered and directed from time to time and at any time to do and perform all such acts and things and to execute acknowledge and deliver in the name and under the seal and on behalf of the City all such instruments whether or not herein mentioned as may be necessary or desirable in order to carry out the terms and provisions of this Ordinance the Certificates the offering documents prepared in connection with the sale of the Certificates or the Paying Agent/Registrar Agreement In case any officer whose signature appears on any Certificate shall cease to be such officer before the delivery of such Certificate such signature shall nevertheless be valid and sufficient for all purposes the same as if he or she had remained in office until such delivery

Section 24 PREAMBLE That the findings set forth in the preamble to this Ordinance are hereby incorporated into the body of this Ordinance and made a part hereof for all purposes

Section 25 RULES OF CONSTRUCTION That for all purposes of this Ordinance unless the context requires otherwise, all references to designated Sections and other subdivisions are to the Sections and other subdivisions of this Ordinance The words "herein" "hereof" and "hereunder" and other words of similar import refer to this Ordinance as a whole and not to any particular Section

or other subdivision Except where the context otherwise requires terms defined in this Ordinance to impart the singular number shall be considered to include the plural number and vice versa References to any named person means that party and its successors and assigns References to any constitutional statutory or regulatory provision means such provision as it exists on the date this Ordinance is adopted by the City and any future amendments thereto or successor provisions thereof Any reference to the payment of principal in this Ordinance shall be deemed to include the payment of any mandatory sinking fund redemption payments as described herein Any reference to "FORM OF CERTIFICATE" shall refer to the form of the Certificates set forth in Exhibit A to this Ordinance The titles and headings of the Sections and subsections of this Ordinance have been inserted for convenience of reference only and are not to be considered a part hereof and shall not in any way modify or restrict any of the terms or provisions hereof

Section 26 CONFLICTING ORDINANCES REPEALED That all ordinances and resolutions or parts thereof in conflict herewith are hereby repealed

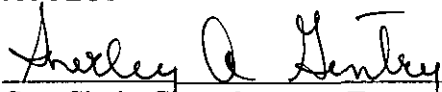
Section 27 IMMEDIATE EFFECT That in accordance with the provisions of V T C A Government Code Section 1201.028 this Ordinance shall be effective immediately upon its adoption by the City Council

FINALLY PASSED, APPROVED AND EFFECTIVE this August 30, 2007



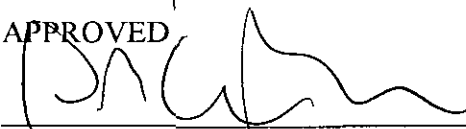
Mayor City of Austin Texas

ATTEST

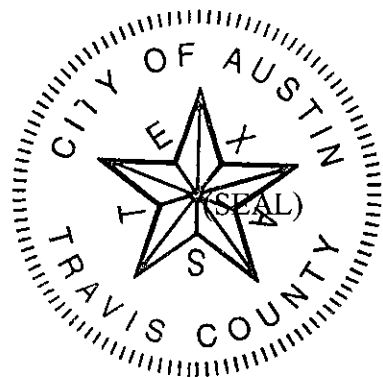


City Clerk City of Austin Texas

APPROVED



David Allan Smith City Attorney
City of Austin Texas



SCHEDULE I

The following projects are to be funded with the proceeds of the Certificates

the cost of constructing improvements to the City-owned Circle C Metro Park (Veloway Trail)

the cost of design and installation of a Compressed Natural Gas Fuel Facility to be located at 4308 Todd Lane

together with the payment of fiscal engineering and legal fees incurred in connection with the issuance of the Certificates and the projects funded therewith

EXHIBIT A

FORM OF CERTIFICATE

NO _____

\$ _____

UNITED STATES OF AMERICA
STATE OF TEXAS
CITY OF AUSTIN TEXAS
CERTIFICATES OF OBLIGATION
SERIES 2007

<u>MATURITY DATE</u>	<u>INTEREST RATE</u>	<u>DATE OF DELIVERY</u>	<u>CUSIP</u>
	4 88 %	OCTOBER 4, 2007	

ON THE MATURITY DATE SPECIFIED ABOVE THE CITY OF AUSTIN TEXAS (the 'Issuer') in the Counties of Travis and Williamson hereby promises to pay to

or to the registered assignee hereof (either being hereinafter called the "registered owner") the principal amount of

_____ DOLLARS

and to pay interest thereon from the Date of Delivery specified above to the Maturity Date specified above or the date of its redemption prior to scheduled maturity at the interest rate per annum specified above with said interest payable on March 1 2008 and semiannually on each September 1 and March 1 thereafter except that if this Certificate is required to be authenticated and the date of its authentication is later than March 1 2008 such interest is payable semiannually on each September 1 and March 1 following such date

THE PRINCIPAL OF AND INTEREST ON this Certificate are payable in lawful money of the United States of America without exchange or collection charges The principal of this Certificate shall be paid to the registered owner hereof upon presentation and surrender of this Certificate at maturity or redemption prior to maturity at the designated corporate trust office in Dallas Texas (the "Designated Payment/Transfer Office") of JPMorgan Chase Bank N A which is the "Paying Agent/Registrar" for this Certificate The payment of interest on this Certificate shall be made by the Paying Agent/Registrar to the registered owner hereof on each interest payment date by check dated as of such interest payment date drawn by the Paying Agent/Registrar on, and payable solely from funds of the Issuer required by the ordinance authorizing the issuance of this Certificate (the "Certificate Ordinance") to be on deposit with the Paying Agent/Registrar for such purpose as hereinafter provided and such check shall be sent by the Paying Agent/Registrar by United States mail first-class postage prepaid on each such interest

payment date to the registered owner hereof at its address as it appeared on the fifteenth day of the month preceding each such date (the "Record Date") on the Registration Books kept by the Paying Agent/Registrar as hereinafter described. Any accrued interest due at maturity as provided herein shall be paid to the registered owner upon presentation and surrender of this Certificate for payment at the Designated Payment/Transfer Office of the Paying Agent/Registrar. The Issuer covenants with the registered owner of this Certificate that on or before each principal and interest payment date for this Certificate it will make available to the Paying Agent/Registrar from the "Interest and Sinking Fund" created by the Certificate Ordinance the amounts required to provide for the payment, in immediately available funds of all principal of, premium if any and interest on the Certificates when due. All Certificates of this Series are issuable solely as fully registered certificates without interest coupons in any integral multiple of \$5 000 (an "Authorized Denomination").

IN THE EVENT OF NON-PAYMENT of interest on a scheduled payment date and for 30 days thereafter a new record date for such interest payment (a "Special Record Date") will be established by the Paying Agent/Registrar if and when funds for the payment of such interest have been received from the Issuer. Notice of the Special Record Date and of the scheduled payment date of the past due interest ("Special Payment Date" which shall be 15 days after the Special Record Date) shall be sent at least five business days prior to the Special Record Date by United States mail first-class postage prepaid to the address of each registered owner of a Certificate appearing on the Registration Books kept by the Paying Agent/Registrar at the close of business on the last business day next preceding the date of mailing of such notice.

IF THE DATE for the payment of the principal of premium if any or interest on this Certificate shall be a Saturday Sunday a legal holiday or a day on which banking institutions in the city where the Designated Payment/Transfer Office of the Paying Agent/Registrar is located are authorized by law or executive order to close then the date for such payment shall be the next succeeding day which is not such a Saturday Sunday legal holiday or day on which banking institutions are authorized to close and payment on such date shall have the same force and effect as if made on the original date payment was due.

THIS CERTIFICATE is one of a Series of Certificates dated as of September 1 2007 authorized in accordance with the Constitution and laws of the State of Texas in the principal amount of \$3 820 000 FOR THE PURPOSE OF PROVIDING PART OF THE FUNDS FOR PAYING CONTRACTUAL OBLIGATIONS TO BE INCURRED BY THE CITY TO WIT MAKING AND ACQUIRING VARIOUS PUBLIC IMPROVEMENTS FOR THE CITY AS DESCRIBED IN THE CERTIFICATE ORDINANCE AND THE PAYMENT OF FISCAL ENGINEERING AND LEGAL FEES INCURRED IN CONNECTION THEREWITH.

ON SEPTEMBER 1, 2017 or on any date thereafter the Certificates of this Series maturing on September 1 2018 and thereafter may be redeemed prior to their scheduled maturities at the option of the Issuer, in whole, or in part at par and accrued interest to the date fixed for redemption. The years of maturity of the Certificates called for redemption at the option of the City prior to stated maturity shall be selected by the City. The Certificates or portions

thereof redeemed within a maturity shall be selected by lot or other method by the Paying Agent/Registrar *provided* that during any period in which ownership of the Certificates is determined only by a book entry at a securities depository for the Certificates if fewer than all of the Certificates of the same maturity and bearing the same interest rate are to be redeemed the particular Certificates of such maturity and bearing such interest rate shall be selected in accordance with the arrangements between the Issuer and the securities depository

THE CERTIFICATES are also subject to mandatory redemption in part by lot pursuant to the terms of the Ordinance, on September 1 of each of the year 2008 through 2026 with respect to Certificates maturing September 1 2027 in the following dates and in the following amounts at a price equal to the principal amount thereof and accrued and unpaid interest to the date of redemption, without premium

<u>YEARS</u>	<u>AMOUNTS (\$)</u>	<u>YEARS</u>	<u>AMOUNTS (\$)</u>
2008	115 000	2018	190 000
2009	120,000	2019	195 000
2010	125 000	2020	210 000
2011	135 000	2021	220 000
2012	140 000	2022	230 000
2013	145 000	2023	240 000
2014	155 000	2024	255 000
2015	160,000	2025	265 000
2016	170 000	2026	280 000
2017	180 000	2027*	290 000

*Final Maturity

AT LEAST 30 days prior to the date fixed for any such redemption a written notice of such redemption shall be given to the registered owner of each Certificate or a portion thereof being called for redemption by depositing such notice in the United States mail first-class postage prepaid addressed to each such registered owner at his address shown on the Registration Books of the Paying Agent/Registrar and to major securities depositories national bond rating agencies and bond information services By the date fixed for any such redemption due provision shall be made by the Issuer with the Paying Agent/Registrar for the payment of the required redemption price for this Certificate or the portion hereof which is to be so redeemed plus accrued interest thereon to the date fixed for redemption If such notice of redemption is given and if due provision for such payment is made all as provided above this Certificate or the portion hereof which is to be so redeemed, thereby automatically shall be redeemed prior to its scheduled maturity and shall not bear interest after the date fixed for its redemption and shall not be regarded as being outstanding except for the right of the registered owner to receive the redemption price plus accrued interest to the date fixed for redemption from the Paying Agent/Registrar out of the funds provided for such payment The Paying Agent/Registrar shall record in the Registration Books all such redemptions of principal of this Certificate or any

portion hereof If a portion of any Certificate shall be redeemed a substitute Certificate or Certificates having the same maturity date bearing interest at the same rate, in any Authorized Denomination at the written request of the registered owner and in aggregate principal amount equal to the unredeemed portion thereof will be issued to the registered owner upon the surrender thereof for cancellation, at the expense of the Issuer all as provided in the Ordinance

AS PROVIDED IN THE CERTIFICATE ORDINANCE this Certificate may at the request of the registered owner or the assignee or assignees hereof be assigned, transferred and exchanged for a like aggregate principal amount of fully registered certificates, without interest coupons payable to the appropriate registered owner assignee or assignees as the case may be having the same maturity date and bearing interest at the same rate in any Authorized Denomination as requested in writing by the appropriate registered owner assignee or assignees as the case may be upon surrender of this Certificate to the Paying Agent/Registrar at its Designated Payment/Transfer Office for cancellation all in accordance with the form and procedures set forth in the Certificate Ordinance Among other requirements for such assignment and transfer this Certificate must be presented and surrendered to the Paying Agent/Registrar at its Designated Payment/Transfer Office together with proper instruments of assignment in form and with guarantee of signatures satisfactory to the Paying Agent/Registrar evidencing assignment of this Certificate or any portion or portions hereof in any Authorized Denomination to the assignee or assignees in whose name or names this Certificate or any such portion or portions hereof is or are to be transferred and registered The form of Assignment printed or endorsed on this Certificate may be executed by the registered owner to evidence the assignment hereof but such method is not exclusive and other instruments of assignment satisfactory to the Paying Agent/Registrar may be used to evidence the assignment of this Certificate or any portion or portions hereof from time to time by the registered owner The foregoing notwithstanding in the case of the exchange of an assigned and transferred Certificate or Certificates or any portion or portions thereof such fees and charges of the Paying Agent/Registrar will be paid by the Issuer The one requesting such exchange shall pay the Paying Agent/Registrar's reasonable standard or customary fees and charges for exchanging any Certificate or portion thereof In any circumstance any taxes or governmental charges required to be paid with respect thereto shall be paid by the one requesting such assignment transfer or exchange as a condition precedent to the exercise of such privilege In any circumstance neither the City nor the Paying Agent/Registrar shall be required to transfer or exchange any Certificate so selected for redemption, in whole or in part, within 45 calendar days of the date fixed for redemption provided however, such limitation of transfer shall not be applicable to an exchange by the registered owner of the uncalled principal of a Certificate

WHENEVER the beneficial ownership of this Certificate is determined by a book entry at a securities depository for the Certificates the foregoing requirements of holding, delivering or transferring this Certificate shall be modified to require the appropriate person or entity to meet the requirements of the securities depository as to registering or transferring the book entry to produce the same effect

IN THE EVENT any Paying Agent/Registrar for the Certificates is changed by the Issuer resigns or otherwise ceases to act as such the Issuer has covenanted in the Certificate Ordinance that it promptly will appoint a competent and legally qualified substitute therefor and promptly will cause written notice thereof to be mailed to the registered owners of the Certificates

IT IS HEREBY certified recited and covenanted that this Certificate has been duly and validly authorized issued and delivered, that all acts conditions and things required or proper to be performed exist and be done precedent to or in the authorization issuance and delivery of this Certificate have been performed existed and been done in accordance with law, that this Certificate is a direct obligation of said Issuer issued on the full faith and credit thereof that annual ad valorem taxes sufficient to provide for the payment of the interest on and principal of this Certificate as such interest comes due and such principal matures have been levied and ordered to be levied against all taxable property in said Issuer and have been pledged for such payment within the limits prescribed by law and that a limited pledge (not to exceed \$1 000) of the surplus revenues from the operation of the City's solid waste disposal system remaining after payment of all operation and maintenance expenses thereof and any other obligations heretofore or hereafter incurred to which such revenues have been or shall be encumbered by a lien on and pledge of such revenues superior to the lien on and pledge of such revenues to the Certificates have been pledged as additional security for the Certificates

BY BECOMING the registered owner of this Certificate the registered owner thereby acknowledges all of the terms and provisions of the Certificate Ordinance agrees to be bound by such terms and provisions, acknowledges that the Certificate Ordinance is duly recorded and available for inspection in the official minutes and records of the Issuer, and agrees that the terms and provisions of this Certificate and the Certificate Ordinance constitute a contract between each registered owner hereof and the Issuer

IN WITNESS WHEREOF this Certificate has been duly executed on behalf of the City under its official seal in accordance with law

City Clerk
City of Austin Texas

Mayor
City of Austin Texas

(SEAL)

FORM OF PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

PAYING AGENT/REGISTRAR'S AUTHENTICATION CERTIFICATE

It is hereby certified that this Certificate of Obligation has been issued under the provisions of the proceedings adopted by the Issuer as described in the text of this Certificate of Obligation, and that this Certificate of Obligation has been issued in exchange for or replacement of a certificate of obligation certificates of obligation or a portion of a certificate of obligation or certificates of obligation of an issue which originally was approved by the Attorney General of the State of Texas and registered by the Comptroller of Public Accounts of the State of Texas

Dated _____

Paying Agent/Registrar

By _____
Authorized Representative

*FORM OF COMPTROLLER'S CERTIFICATE ATTACHED TO
THE CERTIFICATES UPON INITIAL DELIVERY THEREOF

OFFICE OF COMPTROLLER

REGISTER NO _____

STATE OF TEXAS

I hereby certify that there is on file and of record in my office a certificate of the Attorney General of the State of Texas to the effect that this Certificate has been examined by him as required by law and that he finds that it has been issued in conformity with the Constitution and laws of the State of Texas and that it is a valid and binding obligation of the City of Austin Texas payable in the manner provided by and in the ordinance authorizing same and said Certificate has this day been registered by me

WITNESS MY HAND and seal of office at Austin, Texas this _____

(SEAL)

Comptroller of Public Accounts of
the State of Texas

NOTE

*¶ to accompany initial certificates only

FORM OF ASSIGNMENT

ASSIGNMENT

FOR VALUE RECEIVED the undersigned hereby sells assigns and transfers unto

(Please insert Social Security or Taxpayer Identification Number of Transferee)

/ _____ /

(Please print or typewrite name and address, including zip code of Transferee)

the within Certificate of Obligation and all rights thereunder and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within Certificate of Obligation on books kept for registration thereof with full power of substitution in the premises

Dated _____

Signature Guaranteed

NOTICE Signature(s) must be guaranteed by a member firm of the New York Stock Exchange or a commercial bank or trust company

NOTICE The signature above must correspond with the name of the Registered Owner as it appears upon the front of this Certificate in every particular without alteration or enlargement or any change whatsoever

The printer of the Certificates is hereby authorized to print on the Certificates (i) the form of bond counsel's opinion relating to the Certificates, and (ii) an appropriate statement of insurance furnished by a municipal bond insurance company providing municipal bond insurance if any covering all or any part of the Certificates

**Exhibit B
to
Ordinance**

DESCRIPTION OF ANNUAL FINANCIAL INFORMATION

The following information is referred to in Section 18 of this Ordinance

Annual Financial Statements and Operating Data

The financial information and operating data with respect to the City to be provided annually in accordance with such Section are as specified below

The City has heretofore filed with each NRMSIR and the SID its official statement with respect to that certain issue of \$31 585 000 City of Austin Texas Public Improvement Bonds Series 2006 In the ordinance authorizing the issuance of such Bonds the City agreed to update annually financial information and operating data with respect to the City of the general type included in the main text of the Official Statement under the subcaptions "Tax Valuation" with respect to the appraised value as of January 1 during the fiscal year as to which such annual report relates "Current Investments" "Valuation and Funded Debt History" "Tax Rates Levy and Collection History", "Ten Largest Taxpayers" "Property Tax Rate Distribution" "General Fund Revenues and Expenditures and Changes in Fund Balance", "Municipal Sales Tax" and "Transfers from Utility Fund" The above-described financial information and operating data with respect to the City is hereby incorporated by reference and in Section 18 of this Ordinance the City has agreed to annually update such financial information and operating data in accordance with Rule 15c2-12 promulgated by the United States Securities and Exchange Commission

Accounting Principles

The accounting principles referred to in such Section are the accounting principles described in the notes to the City's financial statements

EXHIBIT C

PURCHASE AGREEMENT